



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: July 23, 2003

**PRELIMINARY JUNE 2003 FINANCE &
INVESTMENT REPORT**

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly *Preliminary* Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of June 2003. The report covers activity for the twelve months of the 2002/2003 fiscal year on a preliminary basis. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

Preliminary June 30, 2003 – 100% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
PRELIMINARY FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03
FOR THE MONTH OF JUNE 2003 - 100% OF YEAR COMPLETE

Revenues

Through June, the Redevelopment Agency preliminarily received \$16,593,234 in property tax increment revenues. This total has been reduced by \$581,354 which the Redevelopment Agency paid back to the County in May 2003, as required by a State law enacted to help balance the 2002/03 State budget prior to adoption of that budget. The Redevelopment Agency, as of June 30, 2003, has collected \$100,000,000 in tax increment revenue under the original plan and has preliminarily collected \$55,822,207, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2002/2003 were collected under the plan amendment.

Interest and rental income of \$620,458 reflected interest income received through the first three quarters ended March 31. Interest earnings for the quarter ended June 30 will be posted once the fourth quarter earnings are known and allocated. 'Other Revenues' represented charges for current services and total \$208,817.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances preliminarily equaled \$24,843,804 and were 77% of budget. Of this total, \$7,614,156 represented encumbrances for capital projects and other commitments. Expenditures for administrative costs for employee services, supplies, and contract services were preliminarily 90% of budget. During July, the Agency made a \$2.55 million installment payment towards the purchase of the Sports Complex. During September, the Agency spent \$452,977 on property acquisitions related to the Indoor Recreation Center and Butterfield Blvd. Phase IV projects. During October, the Agency placed \$100,000 into escrow for the purchase of the Courthouse Facility property. During November, the Agency placed approximately \$318,000 into escrow for purchase of property for the Butterfield Blvd. Phase IV street project. During June, the Agency loaned \$350,000 for improvements to the Isaacson Granary historic structure. All Capital Projects expenditures during 2002/03 have used monies collected under the plan amendment.

Budgeted expenditures plus encumbrances for Housing were at 37% of the budget for a total of \$2,687,003. Although certain loans and grants for various housing loan and grant programs have been committed, the related funds have not yet been drawn down by the recipients and, hence, are not reflected in the expenditures. All of the 2002/03 housing related expenditures have been funded with tax increment collected under the plan amendment.

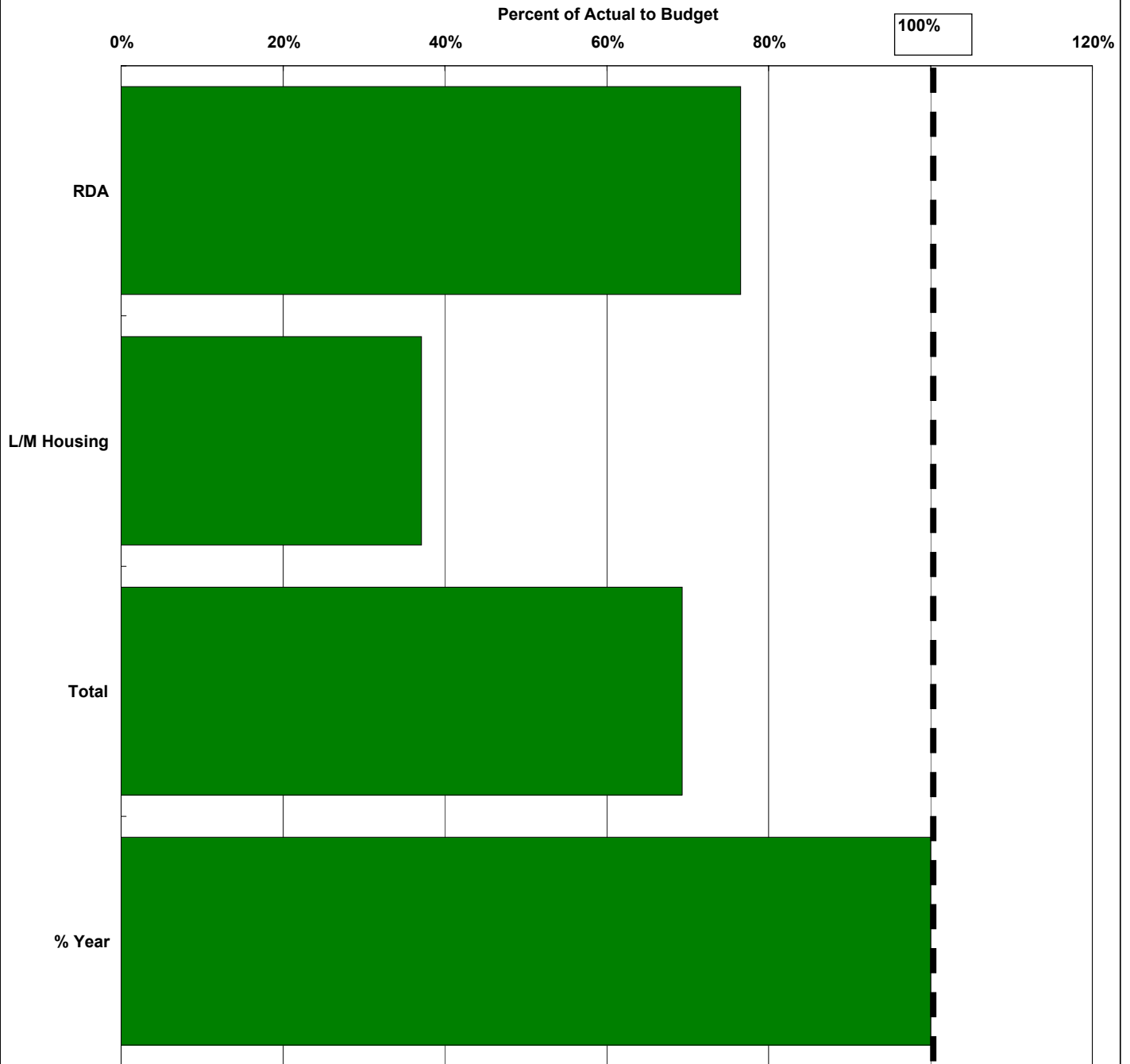
Fund Balance

The unreserved fund balance of \$10,942,065 for the Capital Projects Fund at June 30, 2003, consisted entirely of monies collected under the plan amendment. The unreserved fund balance of \$10,942,065 at June 30 included future obligations to pay an additional \$6.9 million for the Courthouse Facility, an additional \$3,250,000 for purchase of the Gundersen property, an additional \$2.55 million for a sports complex, and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments are subtracted from the \$10,942,065, the remaining unreserved fund balance at June 30 would be a negative (\$3,367,935). However, these commitments are expected to be paid out over the next 3 years.

The unreserved fund balance of \$5,855,301 for the Housing Fund at June 30 consisted of funds all collected under the plan amendment.



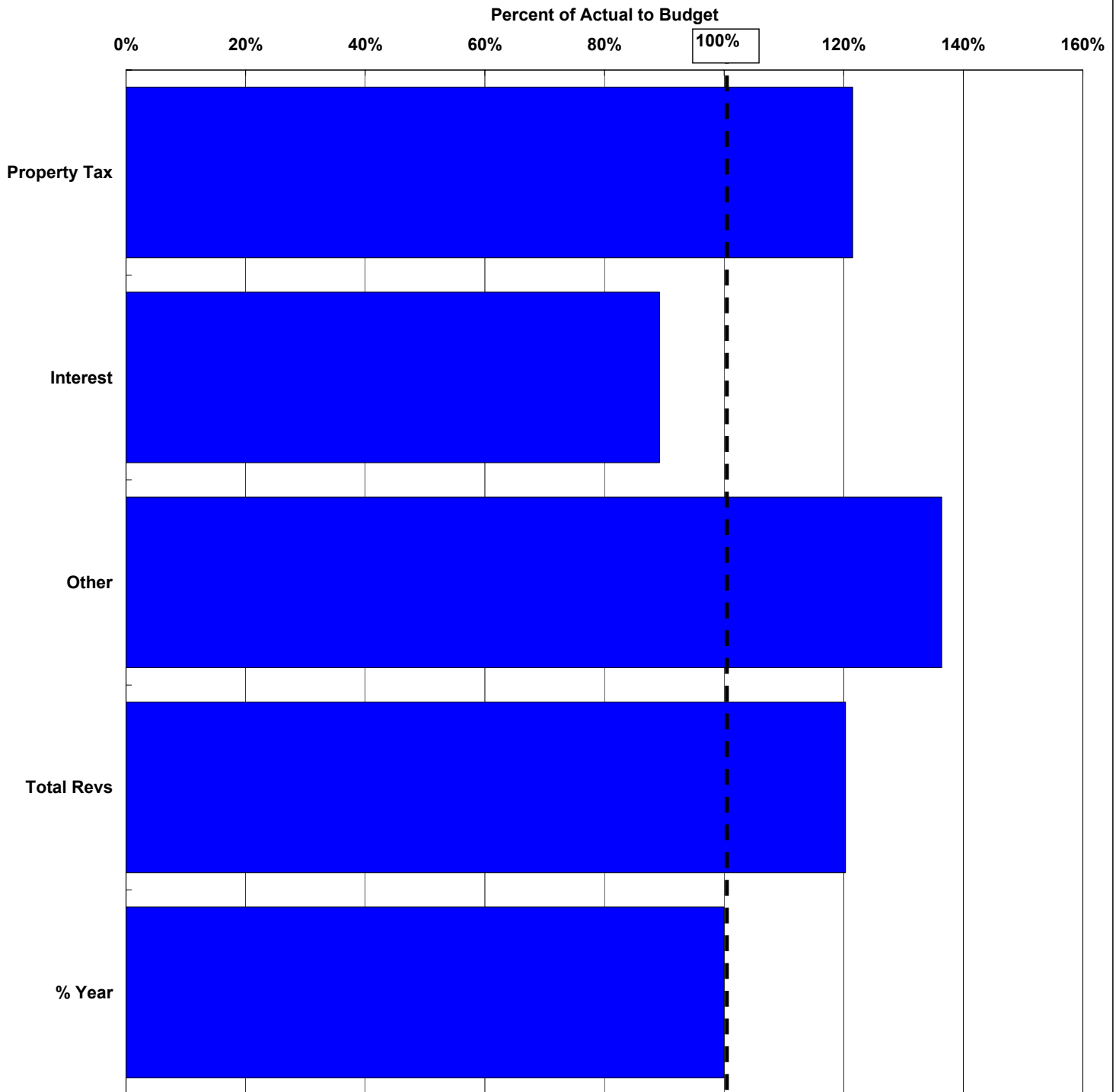
Redevelopment Agency YTD Expenditures



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$32,464,906	\$24,843,804	77%
HOUSING	7,238,925	2,687,003	37%
TOTALS	\$39,703,831	\$27,530,807	69%



Redevelopment Agency YTD Revenues



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$15,522,000	\$18,865,627	122%	\$16,267,870	16%
INTEREST INCOME/RENTS	\$695,853	\$620,458	89%	\$847,290	-27%
OTHER REVENUE	\$153,090	\$208,817	136%	\$763,766	-73%
TOTALS	\$16,370,943	\$19,694,902	120%	\$17,878,926	10%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2002/03
 Preliminary For the Month of June 2003
 100% of Year Complete

Fund No.	Fund	Fund Balance 06-30-02	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$22,668,149	15,061,785	117%	17,229,648	53%	(2,167,863)	9,558,222	10,942,065	18,765,132	
327/328	HOUSING	\$20,823,005	4,633,117	131%	2,472,304	34%	2,160,813	17,128,516	\$5,855,301	6,122,010	
TOTAL CAPITAL PROJECT FUNDS		\$43,491,154	19,694,902	120%	19,701,952	50%	(7,050)	26,686,738	16,797,366	24,887,142	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$43,491,154	19,694,902	120%	19,701,952	50%	(7,050)	26,686,738	16,797,366	24,887,142	
TOTAL ALL GROUPS		\$43,491,154	19,694,902	120%	19,701,952	50%	(7,050)	26,686,738	16,797,366	24,887,142	
TOTAL CASH AND INVESTMENTS										24,887,142	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2002/03
Preliminary For the Month of June 2003
100% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	12,084,000	12,084,000	14,669,674	121%	12,758,463	1,911,211	15%
Development Agreements	-	-	-	n/a	-	-	n/a
Interest Income, Rents	595,853	595,853	274,569	46%	674,965	(400,396)	-59%
Other Agencies/Current Charges	<u>152,500</u>	<u>152,500</u>	<u>117,542</u>	<u>77%</u>	<u>762,941</u>	<u>(645,399)</u>	<u>-85%</u>
TOTAL CAPITAL PROJECTS	<u>12,832,353</u>	<u>12,832,353</u>	<u>15,061,785</u>	<u>117%</u>	<u>14,196,369</u>	<u>865,416</u>	<u>6%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll	3,438,000	3,438,000	4,195,953	122%	3,509,407	686,546	20%
Interest Income, Rent	100,000	100,000	345,889	346%	172,325	173,564	101%
Other	<u>590</u>	<u>590</u>	<u>91,275</u>	<u>15470%</u>	<u>825</u>	<u>90,450</u>	<u>10964%</u>
TOTAL HOUSING	<u>3,538,590</u>	<u>3,538,590</u>	<u>4,633,117</u>	<u>131%</u>	<u>3,682,557</u>	<u>950,560</u>	<u>26%</u>
TOTAL CAPITAL PROJECTS FUNDS	16,370,943	16,370,943	19,694,902	120%	17,878,926	1,815,976	10%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2002/03
Preliminary For the Month of June 2003
100% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	105,533	1,234,039	1,379,801	1,160,224	84,674	1,244,898	90%
	BAHS Economic Development	382,823	5,348,370	5,396,069	873,260	45,051	918,311	17%
	BAHS CIP	<u>377,587</u>	<u>12,771,000</u>	<u>25,689,036</u>	<u>15,196,164</u>	<u>7,484,431</u>	<u>22,680,595</u>	<u>88%</u>
	TOTAL CAPITAL PROJECTS	<u>865,943</u>	<u>19,353,409</u>	<u>32,464,906</u>	<u>17,229,648</u>	<u>7,614,156</u>	<u>24,843,804</u>	<u>77%</u>
327 AND 328 HOUSING								
	Housing	<u>167,134</u>	<u>6,313,976</u>	<u>7,238,925</u>	<u>2,472,304</u>	<u>214,699</u>	<u>2,687,003</u>	<u>37%</u>
	TOTAL HOUSING	<u>167,134</u>	<u>6,313,976</u>	<u>7,238,925</u>	<u>2,472,304</u>	<u>214,699</u>	<u>2,687,003</u>	<u>37%</u>
TOTAL CAPITAL PROJECT FUND		1,033,077	25,667,385	39,703,831	19,701,952	7,828,855	27,530,807	69%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2002/03
Preliminary For the Month of June 2003
100% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	18,765,132	6,122,009
Accounts Receivable	34,101	9,445
Loans and Notes Receivable ¹	2,872,986	22,494,801
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	21,743,268	28,626,255
LIABILITIES		
Accounts Payable and Accrued Liabilities	237,764	59,290
Deferred Revenue ³	999,969	5,580,985
Accrued Vacation and Comp Time	5,249	2,162
Total liabilities	1,242,982	5,642,437
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	7,614,156	214,699
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable	1,873,017	16,913,817
Total Reserved Fund balance	9,558,222	17,128,516
Unreserved Fund Balance	10,942,064	5,855,302
Total Fund Balance	20,500,286	22,983,818
Total Liabilities and Fund Balance	21,743,268	28,626,255

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY

MEETING DATE: July 23, 2003

TITLE: CONSULTANT AGREEMENT WITH BENCHMARK

RECOMMENDED ACTION(S):

Authorize the Executive Director to execute a Consultant Services Agreement with Benchmark, for FY 03-04 in an amount not to exceed \$402,500, to provide project management services and lead testing for housing improvement programs.

EXECUTIVE SUMMARY: For the past three years, the Agency has approved a Consultant Services Agreement Contract with Benchmark to provide project management services and lead testing for housing improvement programs: Senior Housing Repair Program (SHRP), Mobile Home Repair Program (MHRP) and Paint/Clean-up Program.

Benchmark has performed to our expectations with overwhelmingly positive comments from grant participants. During FY 02-03 Benchmark managed 70 grants worth \$280,000 with an administration fee of \$42,000. Staff recommends continued use of Benchmarks consultant services for FY 03-04 to provide project management services and lead testing for housing improvement programs. The FY 03-04 contract would be for \$402,500 which should avoid any cost overruns. This will allow \$350,000 for direct program repair costs and \$52,500 in administration fees (15% fee for management of the programs). Last year's contract was for \$520,000 but we expect less expenditures this year.

FISCAL IMPACT: FY 03-04 housing budget has over \$402,500 allocated for these housing improvement programs under the Housing Division's budget.

Agenda Item # 2

Prepared By:

BAHS Manager

Approved By:

BAHS Director

Submitted By:

City Manager



REDEVELOPMENT AGENCY

MEETING DATE: *July 23, 2003*

Agenda Item # 3

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

City Manager

REQUEST FOR PROPOSALS FOR THE POLICE BUILDING

RECOMMENDED ACTION(S): Authorize the Executive Director to issue a Request for Proposals (RFP) to the three respondents of the Statements of Interest for the Police Facility (SOI).

EXECUTIVE SUMMARY:

On April 23, 2003, the City Council/Agency Board directed staff to issue an SOI to gauge the extent of interest in the redevelopment and re-use of the existing police station at 17605 Monterey Road. We have received three responses to the SOI: a) El Toro Brewing Company, b) Page Holdings, LLC, and c) Forst/Pappas.

On July 2, 2003, the Council reviewed the three proposals and concurred with the staff recommendation that the three proposers should be invited to participate in the Request for Proposals (RFP) process. A RFP process provides the best mechanism by which to evaluate competing proposals because it provides for a more objective selection process. The RFP process will require each proposer to provide us with more detailed information regarding their concepts such as development pro formas, operating pro formas, and information needed to evaluate financial capacity to perform. The Council also requested that the RFP be brought back to them for approval prior to its issuance. The attached RFP was developed with input from the Council's Economic Development Subcommittee (EDS). The RFP also incorporates the Council's comments from their July 2, 2003 meeting.

Although proposers will be responsible for their cost in preparing a response to the RFP, the RFP has been structured to minimize costs to proposers while providing the information needed to evaluate which proposal best meets the needs of the Agency/City. In an effort to offset RFP costs, staff is also obtaining technical information that the proposers will need to prepare a more comprehensive response to the RFP process (e.g., environmental reports, building systems reports).

The tentative RFP schedule envisions that proposals will be due in September with interviews in Oct./Nov. and a developer selected in November. The schedule is somewhat contingent on our ability to get the technical information to the proposers by mid-August. The possibility exists that the submittal date may need to be extended to October which would result in the other dates being modified. Staff will work with the EDS to develop the specific selection process.

The selected developer will be required to enter into an Exclusive Right to Negotiate (ERN) agreement with the Agency for the development of the police facility. An ERN is an agreement in which both parties agree to exclusively negotiate for a set period of time. During the ERN period, the Agency and selected proposer would negotiate the specific business terms for the project. The specific business terms would then be incorporated into an agreement and brought to the Agency for approval.

FISCAL IMPACT: Up to \$20,000 is being expended from the FY 03-04 BAHS economic development budget to obtain the technical information about the building and site.

July 2003

REQUEST FOR PROPOSAL

Morgan Hill Police Station

A) BACKGROUND

The City of Morgan Hill Redevelopment Agency (Agency) received three (3) responses to its Statements of Interest (SOI) for the purchase or lease of the facility currently occupied by the Morgan Hill Police Department at 17605 Monterey Road (the northwest corner of Monterey Road and Main Avenue).

The Agency has reviewed the responses and invites the three (3) proposers to participate in a more-detailed Request For Proposal (RFP) process. In an effort to offset the costs associated with preparing a response to the RFP, the Agency will be providing proposers with a Phase I environmental assessment of the building and a report on the building with respect to existing code requirements. The purpose of the RFP process is to provide the Agency with enough information to select one proposer to purchase or lease the property.

The selection of the proposer will be evaluated on the materials submitted in response to this RFP and the previously submitted materials for the SOI. The RFP is not intended to “lock” proposers into specific business terms and condition. The selected proposer will be required to enter into an Exclusive Right to Negotiate (ERN) agreement with the Agency. During the ERN period, the Agency and selected proposer would negotiate the specific business terms for the project.

B) PROPOSAL CONTENT AND SUBMITTAL REQUIREMENTS

Developers submitting a proposal should provide five (5) copies of the following information no later than **5:00 p.m. on September 26, 2003** to: Bill Newkirk, Business Assistance and Housing Services, City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, CA 95037. One of the copies should be unbound.

The following information is requested from proposers for this RFP:

1) General Information

- ▶ Cover letter on company letterhead including your name, your company and/or project team members. Please note any changes to your team since the submittal of the SOI.

- ▶ Provide a detailed narrative description of your proposed project including both the physical layout and exterior of the building as well as the business operation. Descriptions contained in the SOI can be used for this narrative, but please ensure that your description is comprehensive, so the selection committee can completely evaluate your proposal.
- ▶ Any additional information you want to provide, that you haven't provided as part of your SOI submittal regarding your project teams qualifications and experience, including your teams experience in developing similar projects.

2) The Project Site and Site Plans

- ▶ Proposed conceptual elevations of all sides of the building, a preliminary floor plan, and a preliminary site plan. Drawings do not need to be drawn to scale and can be black & white sketches. Color renderings are not required or encouraged.

3) Project and Operating Costs

- ▶ Preliminary detailed development budget for the project.
- ▶ Preliminary detailed stabilized operating budget for the Project including debt service/lease payments and net cash flow.

4) Project Pro-Formas

- ▶ Proposed financing plan including any committed financing sources and financing terms (e.g., letter of credit, preliminary financing commitment letter, lease agreement, etc.).
- ▶ Proposed sources and uses statement for the project including developer contribution to the project (i.e., equity, in-kind contributions)

5) Role of Agency

Please indicate if your proposal contemplates leasing or purchasing the building from the Agency. Your narrative should include the proposed purchase price or lease amount and general terms and conditions for the lease, lease with option to purchase, or outright purchase of the building. Your development and operating pro-formas should accurately reflect the lease rate or purchase amount you are proposing in this section.

You should also include any specific assistance requested of the Agency and/or City to make your proposal feasible such as expedited planning approvals or financial assistance. You may request financial or non-financial assistance from the Agency. You can also make several alternative proposals for this assistance, to be negotiated in the ERN phase. If you are requesting financial assistance, please specify the amount and type of assistance needed and the basis for the need. The intent is to provide the Agency with an "order of magnitude" of

potential assistance required. Please indicate if you intend to apply for any existing Agency programs such as the façade grant or fee deferral programs. Financial assistance requests will be evaluated based on the merits and economic feasibility of the proposal.

6) Demonstrated Financial Capacity of the Developer to Perform

- ▶ Provide evidence of your financial capacity to undertake the project including:
 1. Current and immediately past annual financial statements (totaling 3 years), tax returns, and/or other evidence that supports your ability to perform and secure the financing for this project.
 2. Business plan, if available, or narrative on how the business and facility will be operated, and the market factors that will support its success.
 3. If applicable, examples of similar projects you financed and/or developed including overall project costs and financing sources.
 4. Documentation that the financial resources are available for this project such as bank statements or evidence detailing investor commitments.
 5. A narrative or other evidence documenting and describing the final ownership structure (e.g., partnership or limited liability corporation).
 6. If applicable, commitment or interest letter from the proposed tenant on their letterhead. If no tenant has been identified, please provide a narrative on how the facility will be marketed to potential tenants.
 7. If applicable, please provide evidence of the tenant's ability to perform.

7) Schedule

- ▶ Provide a project time-line containing proposed dates for key milestones such as due diligence period and completion of construction drawings. Time lines can be general and use weeks as opposed to specific dates.

8) Downtown Plan

- ▶ Narrative describing how the proposed project meets the intent of the downtown plan. (See Selection Process section for guidance on what is needed for this narrative).

C) THE SELECTION PROCESS

Proposals will be evaluated based on, but is not limited to, the following criteria:

1) Downtown

- Extent to which the proposed project conforms to the goals and objectives as well as the design guidelines of the updated downtown plan.

- Extent to which the proposed project generates/stimulates additional pedestrian traffic in the downtown.
- Extent to which the proposed project's conceptual design creates a gateway element for the downtown.
- Potential for the project to encourage other private investment/development in the downtown.
- Extent to which the proposal fits the image of Morgan Hill, especially the downtown area.

2) **Financial**

- Total potential financial cost to the Agency (e.g., lease rate/purchase price less any financial assistance)
- Overall financial feasibility of the Project.
- Financial capacity of proposer to perform.
- Ability of the potential tenant to perform.
- Sales tax revenue generated and jobs created.
- Return on investment to the proposer.

3) **Other**

- Local nature of the development team or business
- Experience/qualifications of development team in developing similar projects
- Schedule for development

D) PROPOSAL SELECTION SCHEDULE

Proposers will be invited to an interview by a selection committee consisting of the City Council's Economic Development Subcommittee and City staff. The selection committee will make a recommendation to the Agency Board based on the interview and evaluation of the submitted materials.

The following is the tentative schedule for the RFP:

Proposals Due:	September 26, 2003
Review/Interview Process:	October – November, 2003
Agency Board Selects Developer:	November, 2003
ERN Approval by Agency Board:	January - February, 2004

If selected for the project, your firm will be required to enter into an Exclusive Right to Negotiate agreement with the Morgan Hill Redevelopment Agency for the development of the police facility. An ERN is an agreement in which both parties agree to exclusively negotiate for a set period of time. During the ERN period, the Agency and selected proposer would negotiate the specific business terms for the project. The specific business terms would then be incorporated into a Disposition and

Development Agreement (DDA) or Owner Participation Agreement (OPA) with the Developer and brought to the Agency for approval at a public hearing.

E) OTHER INFORMATION

Proposers should note that the project will be subject to all applicable local, state, and federal laws, and to regulations regarding redevelopment funding, including prevailing wages and non-discrimination restrictions.

The Agency reserves the right to reject any and all submittals.

Other than those expressly committed to by the Agency in this RFP, the Agency is not responsible for any costs incurred by proposers in the preparation of a response to this RFP.

Proposers should be aware that the Agency, as a public entity, cannot guarantee the confidentiality of information contained in the RFP submittal. While the Agency will attempt to maintain confidentiality of submitted materials, proposers may choose not to submit some information requested in the RFP. If such an instance occurs, the affected proposers should note for the reviewers the specific information purposely withheld. They should also be aware that their proposals will be evaluated solely on submitted materials and the interview by the selection committee, so proposals must contain sufficient information for the selection committee to make informed decisions.

For further information, questions or to arrange for a site visit, please contact

Bill Newkirk
BAHS Analyst
Business Assistance and Housing Services
17555 Peak Avenue
Morgan Hill, CA 95037
(408) 776-7373

R:\Police Building RFI\pdrfp.doc



CITY COUNCIL STAFF REPORT

MEETING DATE: *July 23, 2003*

Agenda Item # 4

Prepared By:

Contract Project
Manager

Approved By:

Deputy Public Works
Director

Submitted By:

City Manager

AWARD CONTRACT FOR CONSTRUCTION OF THE MAIN AVENUE/UPRR CROSSING IMPROVEMENT PROJECT

RECOMMENDED ACTION(S):

1. Approve an appropriation of \$245,500 from the current year unappropriated Traffic Impact Fee Fund balance and \$86,000 from the Water Fund to complete funding for this project.
2. Award contract to Stevens Creek Quarry for construction in the amount of \$277,109.50.
3. Authorize 5% construction contingency funds totaling \$13,855.

EXECUTIVE SUMMARY:

The City of Morgan Hill received a Federal grant to help construct the Main Avenue /UPRR Crossing Improvements. Much needed improvements to the City storm drain system, and a critical water line connection, have also been incorporated into the project. Previously, the Council has approved the contract for the preparation of the plans and specifications, and approved an agreement with UPRR for the purchase of additional right-of-way and installation of signals and concrete at-grade panels.

The cost of the design work was \$96,000, the costs for the UPRR elements of the project are \$223,000, and the cost for the construction contract is \$291,000, including a 5% contingency. The total is \$610,000. The grant will pay \$234,500 of the cost, with the possibility that an additional \$91,500 in costs may qualify for grant reimbursement. The storm drain improvements come to \$ 44,000, and the water system improvements come to \$86,000. At this time staff is requesting additional funding in the amount of \$245,500 to fully fund the project.

The plans and specifications were completed and the project was publicly bid in June and July, 2003. The bid opening was held on July 15, 2003 and the four bids received were as follows:

- Stevens Creek Quarry, Inc. : \$ 277,109.50
- Monterey Peninsula Engineering : 278,851.00
- McGuire & Hester : 286,000.00
- Granite Construction : 317,185.70

Staff is familiar with the low bidder, Stevens Creek Quarry, who has successfully completed a number of similar projects. Staff recommends appropriation of additional funds as outlined below and award to Steven Creek Quarry.

Project to start within 60 days and should be completed early next year.

FISCAL IMPACT:

The funds currently available from the grant for this project are estimated to be \$234,500. Funding of \$44,000 for the storm drain upgrades is available from CIP Project No. 415097. To fully fund the construction, it is recommended that Council appropriate \$245,500 from our unappropriated Traffic Impact Fee Fund balance, and approve an appropriation of \$86,000 from the Water Fund



CITY COUNCIL STAFF REPORT

MEETING DATE: JULY 23, 2003

AWARD OF CONTRACT FOR CONSTRUCTION OF BUTTERFIELD LINEAR PARK

RECOMMENDED ACTION(S):

1. Award contract to RMT Landscape Contractors, Inc. for the construction of the Butterfield Linear Park project in the amount of \$377,746.56.

EXECUTIVE SUMMARY:

The scope of the work for this project includes constructing a Class I meandering pathway along Butterfield Boulevard, between Main and San Pedro Avenues. Additional work includes installing irrigation, decorative street trees, colorful vines, and mulch. Staff applied for and received grant funding in the amount of \$460,000 for construction of the Butterfield Boulevard Linear Park. The engineer's estimate, including contingencies came to \$519,598. The City is required to provide matching construction funds of 11.47%, which equates to approximately \$60,000. This excludes project administration and design costs.

The bid opening was held on July 8, 2003 and the bids received are listed below. The low bidder is RMT Landscape Contractors, Inc., with a bid 20% less the engineer's estimate of \$475,000. This project requires 5.6% Disadvantaged Business Enterprise (DBE) participation. RMT Landscape Contractors are DBE certified and provide 57% DBE participation on this project. RMT has not previously performed work for the City of Morgan Hill, but have performed equal or larger landscape projects for the City of Hayward, City of Concord, and the City of Milpitas. Staff has reviewed the bid package for accuracy and completeness and has checked references per City procedures. Staff recommends award of the Contract to RMT Landscape Contractors. The project is scheduled to commence in mid August and be complete by the end of October 2003.

RMT Landscape Contractors, Inc.	\$377,746.56*
Blossom Valley Construction, Inc.	\$388,633.00
Lone Star Landscape, Inc.	\$394,454.50
Elite Landscaping, Inc.	\$395,051.30*
Valley Crest Landscape Development	\$421,891.10*
Monterey Peninsula Engineering, Inc.	\$430,798.00
Stevens Creek Quarry, Inc.	\$516,149.00

* Corrected bid total due to arithmetic error

FISCAL IMPACT:

The total contract cost for this project is \$415,521, which includes a 10% contingency of \$37,774. The project will be funded under Project #106096 in the amount of \$415,521. The City's matching contribution of 11.47%, equates to \$47,660 of the bid amount. The Grant portion equates to \$367,861.

Agenda Item #5

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

APPROVAL OF IMPROVEMENT AGREEMENT FOR SINALOA CAFE

RECOMMENDED ACTION: Approve the attached Improvement Agreement and authorize the City Manager to sign the agreement of behalf of the City with Steven J. Pena.

EXECUTIVE SUMMARY:

This agreement is to guarantee the construction of off-site improvements at Sinaloa Café, 19210 Monterey Road. (See attached location map.) The public improvements are required per section 12.02.050 of the Municipal Code. The estimated construction cost of the public improvements is \$111,642.

The applicant has furnished the City with the necessary documents and has made provision with the City to provide the necessary security guaranteeing the completion of public improvements prior to the issuance of the building permit. Staff recommends that City Council approve the attached Improvement Agreement and authorize the City Manager to sign on behalf of the City.

FISCAL IMPACT:

Development review for this project is paid for from development processing fees.

Agenda Item # 6

Prepared By:

Assistant Engineer

Approved By:

(Department Director)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT
MEETING DATE: JULY 23, 2003

FINAL MAP ACCEPTANCE FOR QUAIL CREEK PH. II
(TRACT 9462)

RECOMMENDED ACTION(S):

- 1) Approve the final map, subdivision agreement and improvement plans
- 2) Authorize the City Manager to sign the Subdivision Improvement Agreement on behalf of the City
- 3) Authorize the recordation of the map and the Subdivision Improvement Agreement following recordation of the Development Improvement Agreement

EXECUTIVE SUMMARY:

Tract 9462 is a 12 lot subdivision located on the northeast corner of the Watsonville Road and Sunnyside Avenue/ Santa Teresa Boulevard intersection (see attached location map). The developer has completed all the conditions specified by the Planning Commission in the approval of the Tentative Map on September 22, 2002.

The developer has furnished the City with the necessary documents to complete the processing of the Final Map and has made provision with a Title Company to provide the City with the required fees, insurance and bonds prior to recordation of the Final Map.

FISCAL IMPACT:

Development review for this project is from development processing fees.

Agenda Item # 7

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: JULY 23, 2003

**TITLE: ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR
 DIGITAL DRIVE**

RECOMMENDED ACTION(S):

1. Adopt the attached resolution accepting the subdivision improvements commonly known as Digital Drive.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY: This 28 lot commercial subdivision is located on the west side of Butterfield Boulevard between Sutter Boulevard and South Jarvis Drive (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Morgan Hill Development Partners, L.P., dated October 12, 2000 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

<u>Street Name</u>	<u>Street Length</u>
Digital Drive	0.44 miles
Sutter Place	0.05 miles

FISCAL IMPACT: Staff time for this project was paid for by development fees.

Agenda Item # 8

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO. ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL ACCEPTING THE SUBDIVISION
IMPROVEMENTS FOR DIGITAL DRIVE.**

WHEREAS, Morgan Hill Development Partners, L.P. entered into a Subdivision Improvement Agreement on October 12, 2000: and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of October 12 , 2000.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 23th day of July, 2003.

AYES:

NOES:

ABSTAIN:

ABSENT:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of July 23, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

Record at the request of
and when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

DIGITAL DRIVE.

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on July 9, 2003, by Morgan Hill Development Partners, L.P., the subdivider of record and accepted by the City Council on July 23, 2003. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is **Developers Insurance Company.**

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 2003.

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date: _____

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL ACCEPTING THE SUBDIVISION
IMPROVEMENTS FOR DIGITAL DRIVE.**

WHEREAS, Morgan Hill Development Partners, L.P. entered into a Subdivision Improvement Agreement on October 12, 2000: and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of October 12 , 2000.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 23th day of July, 2003.

AYES:
NOES:
ABSTAIN:
ABSENT:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of July 23, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 9

Prepared By:

HR Director

Submitted By:

City Manager

TITLE APPROVAL OF LABOR CONTRACT WITH MORGAN HILL COMMUNITY SERVICE OFFICER ASSOCIATION

RECOMMENDED ACTIONS:

1. Approve two-year memorandum of understanding with the Morgan Hill Community Service Officers Association (CSOA).

EXECUTIVE SUMMARY:

Following City Council's authorization on March 19, 2003, the City of Morgan Hill's negotiating team met with each of the City's bargaining units. Working within the negotiating framework assigned by the Council, a new two-year labor contract was approved by CSOA prior to the expiration of their MOU on June 30, 2003. A summary of the major components of the new contract is provided in Attachment A.

The total compensation package offered to CSOA employees is fiscally prudent and strikes a balance between employee retention and fiscal responsibility in these difficult economic times.

FISCAL IMPACT:

The fiscal impact of this contract falls within the City Council's parameters.

LIST OF ATTACHMENTS:

ATTACHMENT A:

Major components of CSOA Memorandum of Understanding

ATTACHMENT A
CSOA MEMORANDUM OF UNDERSTANDING

Fiscal Year 2003-04

- No salary increase except for the classification of Public Safety Dispatcher who will receive 1% salary increase effective 7/1/03 and 1% on 1/1/05 and a 2.5% solo dispatch premium
- Health allowance increased to \$715 per month
- Long Term Medical Insurance
- Uniform allowance increased \$5 per month
- Comp Time maximum accrual increased to 160 hours
- PERS retirement conversion per IRS Provision 414(H)(2)

Fiscal Year 2004-05

- 2% salary increase effective pay period 6/20/04
- 3% salary increase effective pay period 3/27/05



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH AMERICAN FEDERATION OF STATE COUNTY AND MUNICIPAL EMPLOYEES (AFSCME) LOCAL 101

RECOMMENDED ACTION:

Approve two-year memorandum of understanding with AFSCME Local 101.

EXECUTIVE SUMMARY:

Following City Council's authorization on March 19, 2003, the City of Morgan Hill's negotiating team met with each of the City's bargaining units. Working within the negotiating framework assigned by the Council, a new labor contract has been approved by AFSCME 101. Despite, and perhaps because of, the long hours spent at the negotiating table, the negotiations were completed before the end of the fiscal year in a forthright, collaborative manner. Both sides feel they have reached the best possible settlement given the current economic climate. A summary of the major components of the new contract is provided in Attachment A.

The total compensation package offered to AFSCME employees is fiscally prudent. The Union realized its chief goal, that the City share with employees the cost of medical premium increases. Staff believes the contract satisfies the Council's desire to allocate health care dollars to medical premiums and to strike a balance between employee retention and fiscal responsibility.

FISCAL IMPACT:

The fiscal impact of this contract falls within the City Council's parameters.

Agenda Item # 10

Prepared By:

Administrative Analyst

Approved By:

(Department Director)

Submitted By:

City Manager

ATTACHMENT A
AFSCME Local 101

Two Year Agreement

Fiscal Year 2003-04

- No salary increase.
- City to match employee contribution to 457 deferred compensation plan to a maximum of \$12 per pay period.
- Health allowance to increase in the pay period beginning 12/29/03 according to the following formulas:
 - For family health care allowance, City will pay 90% of the total cost of Kaiser and dental insurance premiums.
 - For employee plus one dependent, City will pay 96.5% of the total cost of Kaiser and dental insurance premiums.
 - Medical and/or dental in-lieu and employee only coverage will be frozen at its current rate of \$575.
- Participants in the EIP program will satisfy their re-qualification requirements by attending training provided by the Human Resources Department.

Fiscal Year 2004-05

- 2.5% salary increase in the pay period beginning 6/20/04.
- 2.5% salary increase in the pay period beginning 3/27/05.



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: July 23, 2003

CHAMBER OF COMMERCE ANNUAL REPORT

RECOMMENDED ACTION(S): Receive report from the Chamber of Commerce.

EXECUTIVE SUMMARY:

(This item was originally scheduled to be heard at the July 16, 2003 City Council meeting, but was moved to July 23, 2003.) The Morgan Hill Chamber of Commerce has been providing supplementary business development services to the City/Redevelopment Agency for the past nine years. These services cover the areas of Economic Development, Downtown, and Tourism. City staff could not provide these additional services without adversely impacting existing workload and programs. The FY 02-03 contract was for \$125,000, which included expanded services for business retention and attraction. As a condition of the extra funding, the Chamber was required to make a year end report on its accomplishments, which included:

Economic Development Activities

- Restructure the economic development committee;
- Attend educational conference on Economic Development;
- Create a vibrant economic development section of the Chamber's website including a real estate search function; and
- Plan the Quarterly Business Forum.

Business Retention

- Develop and conduct a business retention survey.

Business Attraction

- Participate with City in joint business attraction events and specified trade shows;
- Attend South County Commercial Brokers meetings; and
- Plan 2nd Morgan Hill Site Visit and Forum for brokers and developers.

Downtown Activities

- Participate as a board member of the Morgan Hill Downtown Association (MHDA) and assist with MHDA's activities.

Tourism Activities

- Restructure the tourism committee;
- Create a tourism section of the Chamber's website; and
- Work cooperatively with Gilroy on joint advertising.

Overall, the Chamber has met its goals and objectives for FY 02-03. Agency staff will need to meet with the Chamber to negotiate an agreement for Fiscal Year 03-04.

FISCAL IMPACT: None.

Agenda Item # 11

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 12

Prepared By:

Asst. to the City Mgr.

Submitted By:

City Manager

ASSESSMENT OF HAZARDOUS VEGETATION MANAGEMENT PROGRAM CHARGES

RECOMMENDED ACTION:

1. **Open/Close** Public Hearing.
2. **Adopt Resolutions** ordering the Final Report on the 2003 Hazardous Vegetation Program be transmitted to the County Assessor's Office and that liens be posted against the properties on the report.

EXECUTIVE SUMMARY:

Since 1995, the City's Hazardous Vegetation Management Program has been administered through the Santa Clara County Fire Marshal's Office. The Program identifies properties in Morgan Hill with hazardous vegetation and/or brush and notifies the property owners. The property owners are given a specific timeline to remove the vegetation, and if they do not, a contractor selected by the County removes the vegetation. The cost for the abatement is then passed on to the owner as an assessment on their property tax bill.

Five hundred fifty parcels in Morgan Hill were included in the 2003 Hazardous Vegetation Program: 524 were identified as having hazardous weeds, and 26 were identified as having hazardous brush. According to the Fire Marshal's Office, the County contractor abated 100 parcels of land this year, all for hazardous weeds. Those parcels are listed in Exhibit A. Eighty-two percent of properties in the Program were abated by the property owner.

The purpose of the public hearing is to hear comments by property owners about the Hazardous Vegetation Program. Staff from the Fire Marshal's Office will be available to answer any questions.

Following the public hearing, the final stage in the 2003 Hazardous Vegetation Abatement Program is for the Council to order that the abatement expenses be assessed against the owners' property tax bill. This is accomplished by adopting the attached resolution. The resolution authorizes the transmission of the Final Report to the County Assessor's Office, and requests that liens be posted against the properties on the report. This action must be complete before August 10, 2003.

FISCAL IMPACT:

The Hazardous Vegetation Management Program is user fee supported. The per-lot assessment includes costs for doing the vegetation and brush control work plus the overhead cost to administer the Program.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ORDERING THE FINAL REPORT ON THE 2003 HAZARDOUS VEGETATION PROGRAM BE TRANSMITTED TO THE COUNTY ASSESSOR'S OFFICE AND THAT LIENS BE POSTED AGAINST THE PROPERTIES ON THE REPORT, EXCLUDING SITUS 1, APN 726-02-007 (DIANA AVENUE); SITUS 26, APN 278-10-005 (HILL ROAD); AND SITUS 27, APN 728-11-026 (HILL ROAD).

Whereas the City Council, on the 23rd day of July 2003, adopted Resolution No. confirming the Santa Clara County Fire Marshal's Office Final Report on the 2002 Hazardous Vegetation Program; and

Whereas this report identifies properties in Morgan Hill where hazardous weed and brush abatement was conducted by the County of Santa Clara's contractor in accordance with the 2003 Hazardous Vegetation Program; and

Whereas property owners listed on the Final Report were notified of the public hearing conducted on July 23, 2003; and

Whereas properties requiring abatement by the Fire Marshal's Office contractor are to be assessed the abatement cost via a lien on their property taxes;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Morgan Hill that the Final Report on the 2003 Hazardous Vegetation Program, attached hereto as "Exhibit A, excluding Situs 1, APN 726-02-007 (Diana Avenue); Situs 26, APN 278-10-005 (Hill Road); and Situs 27, APN 728-11-026 (Hill Road)," be transmitted to the Santa Clara County Assessors Office and that the Santa Clara County Assessors Office post a lien against the properties on this list in accordance with the appropriate statutes.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd day of July 2003, by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

☞ CERTIFICATION ☞

I, **IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA**, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at a Special Meeting held on July 23, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ORDERING THE FINAL REPORT ON THE 2003 HAZARDOUS VEGETATION PROGRAM BE TRANSMITTED TO THE COUNTY ASSESSOR'S OFFICE AND THAT LIENS BE POSTED AGAINST THE PROPERTIES ON THE REPORT REFERRED TO SITUS 1, APN NO. 726-02-007 (DIANA AVENUE); AND SITUS 27, APN 728-11-026 (HILL ROAD).

Whereas the City Council, on the 23rd day of July 2003, adopted Resolution No. confirming the Santa Clara County Fire Marshal's Office Final Report on the 2002 Hazardous Vegetation Program; and

Whereas this report identifies properties in Morgan Hill where hazardous weed and brush abatement was conducted by the County of Santa Clara's contractor in accordance with the 2003 Hazardous Vegetation Program; and

Whereas property owners listed on the Final Report were notified of the public hearing conducted on July 23, 2003; and

Whereas properties requiring abatement by the Fire Marshal's Office contractor are to be assessed the abatement cost via a lien on their property taxes;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Morgan Hill that the Final Report on the 2003 Hazardous Vegetation Program, attached hereto as "Exhibit A – Situs 1, APN 726-02-007 (Diana Avenue) and Situs 27, 728-11-026 (Hill Road)," be transmitted to the Santa Clara County Assessors Office and that the Santa Clara County Assessors Office post a lien against the properties on this list in accordance with the appropriate statutes.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd day of July 2003, by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

🔒 CERTIFICATION 🔒

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at a Special Meeting held on July 23, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ORDERING THE FINAL REPORT ON THE 2003 HAZARDOUS VEGETATION PROGRAM BE TRANSMITTED TO THE COUNTY ASSESSOR'S OFFICE AND THAT A LIEN BE POSTED AGAINST THE PROPERTY ON THE REPORT REFERRED TO AS SITUS 26, APN NO. 728-10-005 (HILL ROAD).

Whereas the City Council, on the 23rd day of July 2003, adopted Resolution No. confirming the Santa Clara County Fire Marshal's Office Final Report on the 2002 Hazardous Vegetation Program; and

Whereas this report identifies properties in Morgan Hill where hazardous weed and brush abatement was conducted by the County of Santa Clara's contractor in accordance with the 2003 Hazardous Vegetation Program; and

Whereas property owners listed on the Final Report were notified of the public hearing conducted on July 23, 2003; and

Whereas properties requiring abatement by the Fire Marshal's Office contractor are to be assessed the abatement cost via a lien on their property taxes;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Morgan Hill that the Final Report on the 2003 Hazardous Vegetation Program, attached hereto as "Exhibit A – with reference only to Situs #26, APN 728-10-005 (Hill Road)," be transmitted to the Santa Clara County Assessors Office and that the Santa Clara County Assessors Office post a lien against the property on this list in accordance with the appropriate statutes.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd day of July 2003, by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

☞ CERTIFICATION ☞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at a Special Meeting held on July 23, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

REQUEST TO APPROVE THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY ON BEHALF OF NEW MORGAN HILL COUNTRY SCHOOL

RECOMMENDED ACTIONS:

1. Open/close Public Hearing
2. Adopt Resolution

EXECUTIVE SUMMARY:

The New Morgan Hill Country School ("NMHCS") has requested the California Statewide Communities Development Authority ("CSCDA") to issue tax-exempt revenue bonds to refinance a bridge loan from the Bank of America used to acquire the Morgan Hill Country School (the "School") located at 105 John Wilson Way in the City of Morgan Hill, as well as paying for the costs of construction and equipping of new educational facilities. NMHCS is a family formed 501(c)(3) nonprofit corporation established to purchase the School from Gifted Education, Inc. ("GEI"), which opened the PreK – 8th grade private school in 1998. NMHCS intends to expand its facilities so that it may also serve high school age students.

In 1999, GEI financed the construction of the new facility located on John Wilson Way. However, GEI faced several challenges, including higher than expected building costs, high finance costs, and the management burden associated with starting a new school while continuing to operate its first school (Almaden) in San Jose. GEI's ability to successfully operate both schools from a management perspective, as well as financially, started to suffer. Therefore, after careful consideration, the GEI Board of Directors approached a family at the School who had been very involved in the School since inception, and had experience in private school operations. The NMHSC family, which has operated the Pinewood School in Los Altos for over 40 years, purchased the School from GEI on April 9, 2003 using a conventional bridge loan from Bank of America. To reduce its costs of capital, NMHSC is seeking to refinance the Bank of America bridge loan through the issuance of tax-exempt bonds by CSCDA.

The CSCDA is a joint exercise of powers authority consisting of numerous California cities, counties and special districts, including the City of Morgan Hill. The CSCDA, pursuant to its Amended and Restated Joint Exercise of Powers Agreement, is authorized to assist in the financing of nonprofit facilities. In order to initiate such financing, the member participant of the CSCDA in which the proposed facilities will be located must 1) conduct a public hearing and 2) approve the CSCDA's issuance of indebtedness. Although the CSCDA will be the issuer of the tax-exempt revenue obligations for NMHSC, the financing cannot proceed without the City of Morgan Hill's approval of the financing. The City of Morgan Hill has no financial obligation and incurs no financial liability in the issuance of the tax-exempt revenue bonds to be issued by the CSCDA. The actions by the City Council to approve the bonds grant no entitlements to any persons or entities. According to CSCDA bond counsel, CEQA compliance is not required.

FISCAL IMPACT:

There is no direct or indirect fiscal impact to the City of Morgan Hill from this proposed financing, other than recovery by the City of approximately \$1,500 in related costs incurred by the City. The CSCDA will issue variable rate tax-exempt revenue bonds secured by a Bank of America Letter of Credit on behalf of NMHSC. The bonds are payable solely out of the revenues derived by NMHSC from the project. No financial obligations are placed on the City for project financing costs or debt repayment.

Agenda Item # 13

Prepared By: _____

Finance Director

Submitted By: _____

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 14

Prepared By:

(Associate Planner)

Approved By:

(Department Director)

Submitted By:

City Manager

AMBAG Report-Strategies for Inter-Regional Jobs and Housing Balance

RECOMMENDED ACTION(S): Support the findings, objectives, and strategies of the AMBAG report by directing the attached letter be sent to AMBAG.

EXECUTIVE SUMMARY: City staff participated in the Monterey Bay Area-Silicon Valley Inter-Regional Partnership Study sponsored by the Association of Monterey Bay Area Governments (AMBAG). The focus of the study is to identify, evaluate, and recommend strategies to improve the jobs and housing imbalance in the Monterey Bay and Silicon Valley region. The region consists of Santa Clara, San Benito, Monterey, and Santa Cruz counties.

AMBAG has submitted a draft report of the Inter-Regional Jobs and Housing Balance (attached for the Council's reference). AMBAG is requesting feedback on the draft report from participating agencies. Following review and comment of the draft report by agencies and participants in the project, AMBAG staff will prepare a final report for consideration in November, 2003. The final report will include an implementation plan for collaborative regional and state level actions. A representative from AMBAG will give a presentation giving a brief synopsis of the draft report the night of the meeting.

The draft report identifies local, regional, and state objectives and strategies to help the region balance job and housing needs. The report identifies three local objectives: creating more local housing production near local job centers and transportation facilities; create a range of local housing affordability options near local job centers; and creation of job growth and business expansion near local housing centers. The draft report list thirty-four strategies to help achieve the proposed objectives.

In addition, the draft report identifies three regional objectives: creating more affordable workforce housing, near job centers and transportation in the inter-regional study area; create job growth and business expansion opportunities near housing centers of the Inter-Regional partnership area; and creating more efficient land use and transportation patterns, while protecting the environmental vitality of the Inter-Regional partnership area. The draft report recommends twenty-five strategies to help achieve the proposed objectives.

Finally, the draft report identifies two state level objectives: fiscal reform and incentives to realign the state and local fiscal relationship; and regulatory reform to encourage housing construction and streamlining the approval process. The draft report recommends twenty-eight strategies to help achieve the proposed objectives.

Staff finds that the objectives listed in the AMBAG report support the goals, policies, and actions of the General Plan. Many of the proposed strategies in the draft report also support the actions and goals of the General Plan. Staff recommends the attached letter of support be sent to AMBAG.

FISCAL IMPACT: No budget adjustment required.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 15

Prepared By:

Asst. to the City Mgr.

Submitted By:

City Manager

2003-04 CITY WORKPLAN

RECOMMENDED ACTION:

Accept 2003-04 Workplan

EXECUTIVE SUMMARY:

For the last two years, City of Morgan Hill departments have developed annual workplans identifying special projects to be undertaken in the coming fiscal year. Workplan projects represent substantial work efforts by departments, and often require a high level of interdepartmental coordination. Proposed workplan activities for FY 2003-04 were included in the FY 2003-04 budget document, which was approved by the City Council on June 18, 2003. Exhibit A provides the total workplan, with the timeline for each task and staff assigned to each project.

Some of the workplan projects reflect areas of Council interest, including the following projects:

- economic development strategy
- implementation of the Council's strategy to meet medical services objectives
- Monterey Road traffic study and improvement plan
- urban limit line study
- promotion of the arts at the Community and Cultural Center

Other projects are staff-initiated and focus on internal efficiency and effectiveness or management improvements. These include the following projects:

- training and organizational development initiatives
- customer surveys
- communications review of residents and businesses
- implementation of information technology management and facilities management study recommendations
- actuarial evaluation of workers compensation rate structure
- research to determine the feasibility of new health benefit options

A third major project category is public facilities and infrastructure construction, including:

- the Aquatics Complex
- the Indoor Recreation Center
- the new Police facility
- the extension of Butterfield Boulevard

While the adopted budget provides sufficient funds and staffing to complete the FY 2003-04 workplan projects, it is important to note that if budget adjustments are required following adoption of the State budget, some workplan projects may be affected.

Staff will provide quarterly updates on the status of the 2003-04 workplan for the Council's review.

FISCAL IMPACT:

No budget adjustment required.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 16

Prepared By:

**Council Services &
Records Manager/City
Clerk**

Submitted By:

City Manager

TITLE: DISCUSSION OF THE BOARD/COMMISSION APPOINTMENT PROCESS

RECOMMENDED ACTIONS:

Council Discussion and Direction

EXECUTIVE SUMMARY:

At its meeting of June 18, 2003, Council Member Tate requested that staff agendize a discussion regarding the appointment process to City Boards and Commissions. Council Member Tate will address his comments relating to the appointment process the evening of the meeting.

The Council will recall that the current voting method to Boards and Commissions is for the Council to rank the applicants, with the number 1, 2, 3 and so forth being assigned to the candidate being ranked by each Council member. The applicant(s) with the lowest point score are appointed based on the number of existing vacancies. The City Clerk solicited information from other City Clerks in California relating to the appointment process. Staff found that a majority of the Cities appoint based on the first candidates to receive three (majority) Council votes. If a majority vote is not achieved, the Council continues with the voting process until an applicant(s) receives a majority vote. There were a few cities who appointed a Council subcommittee (e.g., Mayor and Council Member or two Council Members) to interview applicants; forwarding a recommendation of appointment to the full City Council. The Council may wish to discuss whether it would like to continue with the current voting process as well as discuss the comments to be raised by Council Member Tate; and provide staff with direction, as deemed appropriate.

FISCAL IMPACT: This report has been prepared to help facilitate Council discussion. There is no fiscal impact associated with this staff report.



CITY COUNCIL STAFF REPORT

MEETING DATE: July 23, 2003

Agenda Item # 17

Prepared By:

**Council Services &
Records Manager/City
Clerk**

Submitted By:

City Manager

TITLE: ECONOMIC DEVELOPMENT SUBCOMMITTEE ROTATION

RECOMMENDED ACTIONS:

Council Discussion and Direction

EXECUTIVE SUMMARY:

On September 25, 2002, the City Council established a two member Council subcommittee, working with staff, to review specific economic development assistance proposals. Council Members Carr and Tate were appointed to the Economic Development Subcommittee with Mayor Pro Tempore Chang serving as alternate. At the May 7, 2003 meeting, the Council adopted the *Draft Economic Development Strategy*. Also, at the May meeting, there was mention of Council rotation to this Economic Development Subcommittee. Staff has agendized this item to allow Council discussion/timing for membership rotation to the Economic Development Subcommittee.

FISCAL IMPACT: There is no fiscal impact associated with this staff report.